



May 19, 2006

Mr. David Ikari, Chief
Dairy Marketing Branch
California Department of Food and Agriculture
560 J Street, Suite 50
Sacramento, California 95814

Re: Alternative Proposal to Amend the Stabilization and Marketing Plan
for Northern and Southern California Transportation Credits

Dear Mr. Ikari:

The attached extracts from the current Stabilization and Marketing Plans for the Northern and Southern California Marketing Areas comprise Driftwood Dairy's alternative proposal for the transportation allowance and credit hearing scheduled for July 6, 2006. This alternative proposal is in response to the Revised Notice of Public Hearing dated May 11, 2006. The Department of Food and Agriculture called the hearing in response to a petition from California Dairies, Inc.

Our proposal is to increase the transportation credit applicable to plant-to-plant shipments from Tulare County to Los Angeles, Orange, or Ventura Counties by \$0.1025 per hundredweight to a new value of \$0.7925 per hundredweight, up from the current value of \$0.69 per hundredweight. The current shortfall on milk shipped via transportation credits from Tulare County does not keep Southern California plants receiving plant-to-plant shipments from the South Valley competitive with alternative supplies. As milk supplies begin to dry up in Southern California, more milk will need to move from the South Valley into the Los Angeles Basin to supply fluid customers. The rate adjustment we propose eliminates the current shortfall and will help insure the Class 1 plants are able to obtain the milk they need. Thank you for your consideration of our proposal.

Sincerely

James E. Dolan
Driftwood Dairy



**Attachment -- Northern California (Plan 46) and Southern California (Plan 62)
Stabilization and Marketing Plan Changes**

Section 300.2. Each handler located in counties designated herein as a supply county may deduct from the applicable minimum prices pursuant to Section 300.0, Paragraph (A), a transportation credit for quantities of market milk, market skim milk, and condensed skim milk shipped in bulk form to a plant located in a designated deficit county. Shipments of market cream are excluded from such transportation credits. However, only for the three months of August, September and October 2003, shipments of condensed skim milk are excluded from such transportation credits. Such deduction shall not exceed the amounts shown for such bulk transfers in the following schedule:

Designated Supply County	Maximum Deduction Per Cwt.	Designated Deficit Counties
Tulare County	\$0.69 \$0.7925	Los Angeles, Orange or Ventura Counties